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OFFICE OF THE STATE AUDITOR OF MISSOURI

1990 ANNUAL REPORT



MARGARET KELLY, C.P.A.
STATE AUDITOR

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STATE AUDITOR OF MISSOURI

JEFFERSON CITY, MISSOURI 65102

MARGARET KELLY, CPA
STATE AUDITOR

(314) 751-4824

The People of Missouri
Governor John Ashcroft
The Missouri General Assembly

Citizens of Missouri:

Pursuant to the provisions of the Constitution of the State of Missouri, Article IV, Section 13, I am pleased to present to you the 1990 Annual Report for the Office of State Auditor.

Contained within this report are some of the highlights of the more than 1,200 findings contained in the 136 reports issued by my office during calendar year 1990.

Findings included in this report note areas where taxpayers' money could have been saved, earned or made available for use. These examples total more than \$7.8 million. Other examples note instances where \$6.2 million of public moneys were improperly spent. Also included are examples of findings of non-compliance with state laws and regulations, as well as poor accounting procedures and controls. In addition, audits issued last year by my office identified more than \$110,000 in taxpayer moneys that were misappropriated through criminal acts of fraud.

The holding of a public trust and the handling of public moneys demands no less than full accountability by governmental officials. My commitment, and that of my office, is to help ensure Missourians that their tax moneys are used legally and efficiently.

While we in Missouri must remain ever vigilant to the efficient and legal use of taxpayer money, I am pleased to report that Missouri was recently cited in *Financial World* magazine as having the second most efficiently operated state government in the United States.

On behalf of my staff, I express appreciation to the great majority of state and local officials who have worked with the state auditor's office in taking a business management approach to government operations in Missouri.

Sincerely,

A handwritten signature in cursive script that reads "Margaret Kelly".

Margaret Kelly, CPA
State Auditor

Missouri State Auditor's Office

1990 Annual Report

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EXECUTIVE SUMMARY

The Office of State Auditor was created in 1820 when the state of Missouri was organized. The office derives its powers from Article IV, Section 13 of the Missouri Constitution and its legal duties are detailed in Chapter 29 of the Revised Statutes of the State of Missouri (RSMo).

The state auditor is responsible for conducting audits of all state agencies, boards and commissions, the state court system and the 94 Missouri counties that do not have a county auditor. Audit reports issued by the state auditor are intended to provide state and county officials with findings and recommendations to improve the effectiveness and efficiency of governmental operations.

During 1990, the Missouri State Auditor's Office issued 136 audit reports. These reports contained 1,202 separate findings and recommendations.

Audits of state agencies included findings noting instances where state funds were expended without proper bidding, without proper authorization and without complying with applicable regulations. This annual report includes examples of those instances. Other examples included in this report identify areas where the state could take steps to save money.

Last year six audits included findings of fraud. Criminal charges and convictions resulted from the work of state auditors. It is the policy of the state auditor to work with local authorities whenever information of potential criminal wrongdoing is uncovered during audit work.

In 1990, 39 audits were issued as a result of citizens petitioning the state auditor. Ambulance districts, school districts, water districts, villages and cities were among the political subdivisions that received petition audits.

In addition to conducting audits, the state auditor also is responsible for reviewing the property tax rates levied by political subdivisions each year. The review is mandated to determine if local tax rates comply with statutory and constitutional provisions that regulate taxation in Missouri. In 1990, the state auditor's office reviewed 4,810 property tax rates levied by 2,617 subdivisions.

During 1990, the Missouri State Auditor's Office continued its commitment to professionalism in the field of government auditing. The 119-member audit staff includes 79 certified public accountants (CPAs). The office encourages participation in professional development programs, and the Missouri State Auditor's Office is recognized as a CPA firm by the State Board of Accountancy.

STATE AUDITOR'S OFFICE
 AUDIT REPORTS DELIVERED
 JANUARY 1, 1990 THROUGH DECEMBER 31, 1990

REPORT NUMBER	AUDITEE	AUDIT PERIOD	DELIVERED
90-01	Review of Missouri State Fair	1989 Fair	01-10-90
90-02	Kansas City Desegregation	07-01-87/06-30-88	01-12-90
90-03	St. Louis-Board of Election Commissioners	05-01-86/04-30-87	01-17-90
90-04	Benton County R-I School District	07-01-88/06-30-89	01-22-90
90-05	St. Louis-Circuit Attorney	07-01-87/06-30-88	01-23-90
90-06	St. Louis-Water Division	05-01-86/04-30-87	01-23-90
90-07	St. Louis-Human Services	05-01-86/04-30-87	01-29-90
90-08	St. Louis-Health and Hospitals	05-01-86/04-30-87	01-31-90
90-09	Barry County	01-01-86/12-31-88	01-31-90
90-10	Stone County	01-01-87/12-31-88	02-06-90
90-11	St. Louis County Fire Protection Dist.	01-01-88/12-31-88	02-06-90
90-12	City of Pierce City	03-01-88/04-30-89	02-08-90
90-13	Daviess County	01-01-86/12-31-88	02-08-90
90-14	City of Purdy	07-01-88/06-30-89	02-13-90
90-15	City of Moscow Mills	01-31-88/12-31-88	02-14-90
90-16	St. Louis-Office of City Counselor	07-01-87/06-30-88	02-22-90
90-17	St. Louis-Board of Public Service	05-01-86/04-30-87	02-22-90
90-18	Dent County	01-01-86/12-31-88	02-26-90
90-19	Douglas County	01-01-87/12-31-88	02-26-90
90-20	Division of Water Safety	07-01-85/06-30-89	02-27-90
90-21	St. Mary's Honor Center	07-01-85/06-30-88	02-27-90
90-22	Grundy County	01-01-87/12-31-88	02-27-90
90-23	20th Judicial Circuit-Municipals	1986-1989	02-28-90
90-24	Washington County	01-01-86/12-31-88	03-05-90
90-25	Boone County Hospital	01-01-88/12-31-88	03-06-90
90-26	Dept. of Revenue-State Tax Commission	07-01-85/06-30-88	03-07-90
90-27	City of Raymore	07-01-87/10-31-88	03-12-90
90-28	Worth County	01-01-86/12-31-88	03-13-90
90-29	Crawford County	01-01-87/12-31-88	03-14-90
90-30	City of Sullivan	07-01-88/06-30-89	03-15-90
90-31	Office of State Treasurer	07-01-88/06-30-89	03-26-90
90-32	Carroll County	01-01-87/12-31-88	03-27-90
90-33	Dade County	01-01-86/12-31-88	03-28-90
90-34	Review of 1989 Property Tax Rates	1989	04-04-90
90-35	State Milk Board	07-01-88/06-30-89	04-05-90
90-36	City of Wheatland	01-01-88/12-31-88	04-16-90
90-37	Review of Hancock Amendment	07-01-88/06-30-89	04-18-90
90-38	Henry County	01-01-86/13-31-88	04-18-90
90-39	City of Laredo	01-01-88/12-31-88	04-23-90
90-40	Lewis County	01-01-87/12-31-88	04-24-90
90-41	Shannon County	01-01-86/12-31-88	04-24-90
90-42	Ripley County	01-01-86/12-31-88	04-27-90
90-43	Missouri State Penitentiary	07-01-85/06-30-88	04-30-90
90-44	City of Arcadia	07-01-88/06-30-89	05-01-90
90-45	DMH-Malcolm Bliss Mental Health Center	07-01-85/06-30-89	05-03-90

90-46	Gentry County	01-01-87/12-31-88	05-07-90
90-47	Atchison County Collector	03-01-87/10-26-89	05-07-90
90-48	St. Louis City Circuit Court	07-01-86/06-30-89	05-21-90
90-49	City of Morley	01-01-89/12-31-89	05-29-90
90-50	Sikeston Regional Center	07-01-86/06-30-89	05-29-90
90-51	24th Judicial Circuit-City of Potosi	07-01-86/12-11-89	05-30-90
90-52	City of Morehouse	01-01-89/12-31-89	05-31-90
90-53	Oregon County	01-01-86/12-31-88	05-31-90
90-54	Court of Appeals-Eastern District	07-01-85/06-30-89	05-31-90
90-55	Warren County	01-01-86/12-31-88	05-31-90
90-56	DOSS-Administration	07-01-87/06-30-89	06-04-90
90-57	DED-Council on the Arts	07-01-86/06-30-89	06-06-90
90-58	DOSS-Child Support Enforcement	07-01-87/06-30-89	06-13-90
90-59	City of St. Louis-Quasi Government	07-01-87/06-30-88	06-20-90
90-60	Village of Haywood City	07-01-88/06-30-89	06-21-90
90-61A	Statewide Financial Statements-MAR	07-01-88-06-30-89	06-22-90
90-61B	Statewide Financial Statements	07-01-88-06-30-89	06-22-90
90-62	City of Macks Creek	01-01-89/12-31-89	06-25-90
90-63	Bingham Trust	05-10-84/12-31-89	06-25-90
90-64	LAGERS	07-01-85/06-30-89	06-25-90
90-65	DOR-Highway Reciprocity Commission	07-01-85/06-30-89	06-25-90
90-66	City of Lowry City	07-01-88/06-30-89	06-28-90
90-67	Ray County Public Administrator	08-17-84/01-23-90	06-28-90
90-68	Statewide Single Audit	07-01-87/06-30-89	06-29-90
90-69	City of Nevada	01-01-89/12-31-89	07-16-90
90-70	Department of Higher Education	07-01-86/06-30-89	07-16-90
90-71	DOSS-Division of Medical Services	07-01-87/06-30-89	07-17-90
90-72	Camden County Property Tax System	1988	07-17-90
90-73	Commission on Retirement, Removal & Discipline of Judges	07-01-85/06-30-89	07-18-90
90-74	Court of Appeals-Western District	07-01-85/06-30-89	07-24-90
90-75	DOR-Division of Compliance	07-01-85/06-30-89	07-25-90
90-76	Reynolds County Ambulance District	01-01-88/12-31-88	07-26-90
90-77	DOSS-Division of Family Services	07-01-87/06-30-89	07-31-90
90-78	Non-Teachers Retirement System	07-01-85/06-30-89	08-15-90
90-79	Public School Retirement System	07-01-85/06-30-89	08-15-90
90-80	Ellis Fischel State Cancer Center	07-01-85/06-30-89	08-20-90
90-81	Wright County	01-01-87/12/31-89	08-21-90
90-82	St. Louis Desegregation	07-01-88/06-30-89	08-27-90
90-83	Advance School District	07-01-88/06-30-89	08-28-90
90-84	Department of Health	07-01-87/06-30-89	08-28-90
90-85	Leesville R-9 School District	07-01-88/06-30-89	08-30-90
90-86	Sixth Judicial Circuit-Municipals	1987-1989	08-31-90
90-87	W-2's	01-01-89/12-31-89	08-31-90
90-88	Economic Development-Credit Unions	07-01-86/06-30-89	08-31-90
90-89	Economic Development-Insurance	07-01-86/06-30-89	09-04-90
90-90	City of St. Louis-Treasurer	05-01-86/06-30-88	09-18-90
90-91	City of St. Louis-Regional Hospital	05-01-86/04-30-87	09-18-90
90-92	Circuit Clerk-Moniteau County	01-01-89/12-31-89	09-18-90
90-93	Division of Savings & Loan Supervision	07-01-86/06-30-89	09-19-90
90-94	Division of Employment Security	07-01-86/06-30-89	09-20-90
90-95	DOSS-Division of Aging	07-01-87/06-30-89	09-20-90
90-96	City of Rogersville	07-01-88/06-30-89	09-24-90

90-97	Kansas City Missouri School District	07-01-87/06-30-89	09-27-90
90-98	Court of Appeals-Southern District	07-01-85/06-30-89	09-28-90
90-99	DED-Job Development and Training	07-01-87/06-30-89	10-10-90
90-100	MO State Highway Commission Plan	07-01-86/06-30-89	10-12-90
90-101	Chariton County Ambulance District	07-01-88/06-30-89	10-15-90
90-102	Mo Corporation for Science & Technology	07-01-86/06-30-89	10-17-90
90-103	County Aggregate Report	01-01-86/12-31-89	10-18-90
90-104	Dunklin County	01-01-87/12-31-89	10-19-90
90-105	Village of South Greenfield	04-01-89/03-31-90	10-22-90
90-106	Audrain County	01-01-87/12-31-89	10-23-90
90-107	Polk County	01-01-87/12-31-89	10-24-90
90-108	Mexico 59 School District	07-01-88/06-30-89	10-29-90
90-109	City of Pattonsburg	07-01-89/06-30-90	10-30-90
90-110	Guaranteed Student Loan Fund	07-01-89/06-30-90	10-31-90
90-111	City of Birch Tree	01-31-89/12-31-89	11-01-90
90-112	Department of Highway and Trans.	07-01-88/06-30-89	11-06-90
90-113	DED-Division of Finance	07-01-86-06-30-90	11-07-90
90-114	36th Judicial Circuit-Butler County	01-01-87/06-19-90	11-08-90
90-115	Texas County	01-01-87/12-31-89	11-13-90
90-116	DED-Office of Employment Agencies	07-01-86/06-30-90	11-14-90
90-117	Supreme Court	07-01-85-06-30-89	11-15-90
90-118	Hickory County	01-01-87/12-31-89	11-15-90
90-119	Village of Climax Springs	01-01-89/12-31-89	11-26-90
90-120	Consolidated PWSO #1 of Pemiscot Co.	01-01-89/09-30-89	11-27-90
90-121	City of Rock Hill	04-01-89/03-31-90	11-28-90
90-122	Mental Health-Office of Director	07-01-87/06-30-89	11-28-90
90-123	Macon County	01-01-87/12-31-89	11-29-90
90-124	Clinton County	01-01-87/12-31-89	11-29-90
90-125	DED-Bd of Embalmers & Funeral Directors	07-01-86/06-30-90	11-30-90
90-126	MO Committee for Prof. Counselors	07-01-86/06-30-90	11-30-90
90-127	DED-Board of Psychologists	07-01-86/06-30-90	11-30-90
90-128	21st Jud. Circuit-Velda Village Hills	04-01-87/03-31-90	12-03-90
90-129	DMH-Nevada State Hospital	07-01-86/06-30-89	12-13-90
90-130	Children's Services Commission	07-01-86/06-30-90	12-14-90
90-131	Office of the Public Counsel	07-01-87/06-30-90	12-14-90
90-132	DeKalb County	01-01-87-12-31-89	12-24-90
90-133	Shelby County	01-01-87-12-31-89	12-24-90
90-134	Laclede County	01-01-87/12-31-89	12-27-90
90-135	DMH-Nevada Habilitation Center	07-01-86/06-30-89	12-31-90
90-136	DED-Board of Chiropractic Examiners	07-01-86/06-30-90	12-31-90

CITIZEN INVOLVEMENT

All audit reports produced by the State Auditor's Office are public documents after they have been signed by the state auditor. Reports are made available to state, regional and local media. Reports are also delivered to the Missouri State Library and are available throughout the state library system.

Citizens may request copies of any audit report by writing P.O. Box 869, Jefferson City, MO 65102. The telephone number is (314) 751-4213.

In addition, information from citizens, legislators and government employees aids the state auditor in performing audits. Citizens are urged to contact the state auditor at the above address or telephone number if they have information they feel would be useful to auditors. All sources of information will be kept confidential.

State Agency Audits

The state auditor is responsible for auditing state agencies, boards and commissions, as well as the state supreme court and all divisions of the circuit court system. In 1990, the state auditor issued 58 reports on state entities.

Audits noted instances where state agencies could save money or where action would allow the state to realize additional revenue from outside funding sources. Other findings noted situations where procedures did not comply with agency policies, state laws and regulations or the state constitution.

Following are some examples of the findings included in our audit reports on state agencies.

DMH – Nevada State Hospital

The audit noted the hospital's average sick leave usage per full-time employee was about 15 percent higher than average for all DMH facilities. If sick leave usage had been the same as the DMH average, the hospital could have saved \$97,700.

The state auditor recommended the hospital investigate sick leave trends and initiate action to reduce sick leave use.

Missouri State Penitentiary

The audit noted problems with the awarding of a contract to upgrade the prison's cable television system and studio. Two companies bid the project and submitted identical bids. Research by auditors showed that several of the items in the bids were available for a much lower price.

Also, the institution does not investigate differences between monthly food inventory records and actual physical counts of food items.

Ellis Fischel State Cancer Center

The center lease-purchased a surgical laser and purchased other hospital equipment from an employee without requesting competitive bids as required by state statute.

The audit also found that cafeteria meal prices are insufficient to cover the direct costs of providing the meals.

DMH – Malcolm Bliss

The state auditor's office recommended the facility perform an analysis of its security needs. A total of 507 incidents including assaults, disturbances, thefts, trespassing and vehicle vandalism occurred during the audit period.

DMH – Sikeston Regional Mental Health Center

The facility lost approximately \$170,000 in net federal Medicaid revenue because of inadequate billing procedures related to the Medicaid program.

The audit also noted instances where state money was used to pay an excessive portion of the clients' cost of care because the facility did not adequately verify the ability of the clients' responsible parties to pay or did not bill the insurance companies for all billable charges incurred by clients.

DSS – Division of Medical Services

The division did not assess nearly \$1.5 million in liquidated damages for untimely processing of Medicaid claims by the division's fiscal agent. The audit found more than 204,000 claims that were not processed within the time frames established in the fiscal agent's contract. The audit found no circumstances that warranted the waiving of the liquidating damage provision.

The state auditor recommended the penalty provisions in the contract be enforced.

St. Louis School District Desegregation

The state auditor questioned more than \$1.7 million charged to the state for costs of the desegregation plan in fiscal year 1989. Questioned costs included money spent on certain architectural and engineering contracts and computer equipment for which proper billing procedures were not followed.

The audit findings also included four areas that were reported in the previous state audit of the desegregation program.

Kansas City School District Desegregation

More than \$11 million in costs paid by the state in fiscal year 1989 were questioned due to a lack of bidding, documentation and monitoring of expenditures. The audit questioned money spent on taxicabs to transport students, capital improvements and retroactive salary increases.

The state auditor also found that the district charged the state more than \$3 million in costs relating to fiscal year 1988 against the fiscal year 1987 budget.

Department of Highways and Transportation

A program administered by the Highway Department to inspect outdoor advertising signs lost approximately \$386,000 in 1989. The state auditor noted the permit and inspection fees, which were established by state law in 1965 and have not been revised since, are too low to support the program. The state auditor recommended the department continue efforts to obtain legislation allowing the fees to be set high enough to cover the costs of administering the program.

In another finding, it was noted that the department operates a self-insurance program for vehicle liability and workers' compensation, with the program's checking and investment accounts maintained at a local bank outside the control of the state treasurer. The state constitution requires state funds to be held and disbursed by the state treasurer.

Also, the department's policy on paying moving expenses for employees does not provide for a maximum total reimbursement. Had the reimbursable moving expenses been limited to 5 percent of annual salary, the department could have saved \$134,548 during 1989.

Fraud Audits

Of the 136 audits issued by the state auditor in 1990, seven contained findings relating to fraud. The policy of the state auditor is to notify law enforcement officials whenever auditors detect possible criminal activity. In some cases, audit findings have resulted in arrests and criminal charges being filed by law enforcement officials against individuals.

These fraud findings were reported in some cases as the result of routine audits by the state auditor. The state auditor also was requested in some cases to perform a special review as part of an investigation of possible fraudulent activity.

The detection of fraud is an area of emphasis members of the state auditor's staff receive in their annual professional training. It is an area that law enforcement in general is emphasizing. The state auditor's office appreciates the cooperation and assistance it receives from state and local law enforcement agencies in the investigation of fraud.

Following is information regarding some of the findings of fraud included in audits issued in 1990 by the state auditor.

Moniteau County Circuit Clerk

The state auditor investigated cash shortages of \$6,976 in the circuit clerk's child support account and \$165 in the ex-officio recorder of deeds' account at June 30, 1990. Also, from May 1988 through June 30, 1990, moneys totaling \$51,383 were misappropriated from the two accounts and later repaid.

The deputy circuit clerk responsible for maintaining the accounting records resigned and the evidence related to the cash shortages was turned over to the county sheriff and the prosecuting attorney. The deputy circuit clerk was charged with felony stealing.

Potosi Municipal Court

This routine state audit uncovered \$25,970 in missing fines, court costs and bond payments. Evidence was turned over to law enforcement authorities. The former police chief and the former dispatcher were charged in connection with the missing funds and in connection with missing court records stolen during the audit field work.

**Butler County Associate Circuit Court
Division II**

This special review uncovered accounting records that had been altered to conceal a misappropriation of more than \$12,500. Payments were received by the court but not deposited, and the bank balance on the monthly bank reconciliations was misstated to conceal amounts not deposited.

The Division II clerk who maintained the accounting records resigned and was charged with felony stealing.

Camden County Property Tax System

Computerized tax receipt records were altered to conceal misappropriation of property tax moneys. The state auditor recommended the county collector pay \$3,115 to the official bank account and contact the bonding company and the prosecuting attorney for follow-up.

Petition Audits

The right of citizens to petition their government for a "redress of grievances" is one of the fundamental rights cited in the Missouri Constitution. The Revised Statutes of the State of Missouri also establish the right for citizens to petition their state government for an audit of any local political subdivision.

In 1990 the state auditor's office issued 39 audit reports -- including 10 related to the City of St. Louis -- as the result of petitions signed and submitted by citizens. The reports included audits on ambulance districts, water districts, school districts, cities and villages.

State law dictates the state auditor audit any political subdivision of the state if enough qualified voters of that political subdivision request the audit.

Petition audits are conducted in addition to the regular audits performed by the state auditor. Following are some examples of the findings included in the petition audits issued in 1990.

Boone County Hospital

The state auditor questioned expenditures including \$26,100 for an employee Christmas party and summer picnic, \$6,400 for sponsorship of employee sports teams, \$10,904 for service award dinners and \$14,791 for the purchase of a new vehicle.

Benton County R-I School District

A one-year tax levy increase continued to be levied 12 years after its expiration.

Kansas City School District

The district inappropriately allocated \$6.1 million to its General Operating Fund -- more than \$5 million of the amount should have gone to the Desegregation Fund and more than \$950,000 should have gone to the Teachers' Fund.

The audit noted a lack of control over the district's athletic funds. Transactions totaling more than \$108,000 were made largely in cash from the athletic funds.

Inadequate controls over student activity funds allowed irregularities to occur without the district's knowledge. In one instance, sales proceeds totaling as much as

\$25,000 appear to be missing from an elementary school.

Also, more than 60 percent of approved applications for free and reduced meals were ineligible. Apparently, more than \$6 million was received for ineligible participants during fiscal years 1988 and 1989.

County Audits

The Missouri State Auditor's Office is responsible for performing audits of all Missouri counties that do not have a county auditor. Currently, 94 of the state's 114 counties fall into that category.

In 1990, the state auditor issued audits of 29 counties, as well as four audits of individual county offices that involved fraud. State law requires the state auditor to audit a county collector's office whenever a vacancy occurs in the office. In 1990, the state auditor reported on the collector's office in Atchison county.

For the past 12 years, this office has issued an aggregate report on the 94 counties audited by the state auditor. The report includes financial statistics, assessed valuation, tax levies and bonded indebtedness for the counties and typical audit findings.

Following are typical findings from the 65 audits of Missouri 3rd class counties performed during the past two years.

Assessment Fund

In 60 counties, prior audit funding requirements were not resolved and various counties funded current assessment fund operations either more or less than statutorily required.

Associate Division Courts' Accounting Controls

Twenty-three of the associate division courts did not make bank deposits on a timely basis, did not prepare bank reconciliations, or were not reconciling cash balances to a listing of liabilities to prove the accuracy of their records.

Bidding Procedures

Thirty-six counties did not bid purchases in accordance with Missouri law or did not document their actions in obtaining bids.

Budgetary Practices and Financial Position

Thirty-five counties had errors in the prior year's financial data presented in the budget documents. In addition, eight counties distorted their anticipated financial position by not showing all available resources at the beginning of the year, or by understating revenues or overestimating expenditures.

Circuit Clerks' Accounting Controls

Thirty circuit clerks audited did not make bank deposits on a timely basis, did not prepare bank reconciliations, or were not reconciling cash balances to a listing of liabilities to prove the accuracy of their records.

Computer System Controls

Twelve county audits indicated that computer software and back-up disks were not stored at an off-site location and the counties lacked formal contingency plans. Several instances were also noted in which computer access controls were in need of improvement.

County Collectors' and Ex-Officio County Collectors' Procedures

In 46 counties, collectors did not provide all required information on their annual settlements, did not reconcile bank records to monthly statements of collections, or did not keep accurate daily receipt ledgers.

County Collectors' and Ex-Officio County Collectors' Commissions and Salary

Corrections were needed in 59 audits when comparing the actual salary paid to collectors with audited calculations. Commissions were over-retained or under-retained because they were not always computed in accordance with statutes.

County Expenditures

Thirty-one audits revealed that documentation for payments was not always present or receipt of goods was not always noted on invoices. Some counties also made monetary donations in violation of state law. Written contracts were not prepared for 24 counties that provided and/or received goods or services.

County Property Records

Forty-nine counties did not keep a complete inventory of county real and personal property, and others did not update existing records on a current basis.

County Treasurers' Accounting Practices and Controls

Twenty-three treasurers did not make bank deposits on a timely basis and/or did not prepare adequate bank reconciliations. Some maintained an excessive number of bank accounts and some did not properly document transfers between accounts or the method used to allocate interest income.

Depository Agreements and Collateral Securities

Twenty-eight counties have not entered into formal depository agreements with their depository banks. The depository agreements that were in effect were not always specific in the services to be provided or the cost of those services. Counties did not require depository banks to pledge the proper amount of collateral security required by Missouri law.

Health Center Controls and Procedures

In 33 audits we noted problems with health centers. Some allowed actual expenditures to exceed budgeted amounts and others did not present total resources available on the budget, thus reflecting an inaccurate picture of the health center's anticipated financial position. Personnel and payroll procedures were in need of improvement. General fixed assets records were sometimes inaccurate or incomplete and not maintained on a current basis.

Personnel Records

Fifty-one counties did not have written personnel policies. Many did not monitor annual and sick leave earned and taken by employees. Additionally, various counties did not maintain adequate records to support overtime in compliance with the Fair Labor Standards Act. Adequate and complete personnel files were not always maintained.

Probate Division Courts' Accounting Controls

Ten instances were noted in which the Probate Division Court did not make bank deposits on a timely basis and formal bank reconciliations were not prepared.

Prosecuting Attorneys' Accounting Controls

During a review of accounting controls, it was noted that 21 prosecuting attorneys did not maintain cash control ledgers, did not make bank deposits on a timely basis, or did not prepare monthly bank reconciliations. Receipt slips were not always issued for all moneys received. In addition, various prosecuting attorneys did not prepare monthly open-item listings.

Public Administrators' Settlements

In 27 counties, settlements were not always filed as required by Missouri law and some did not include all necessary information. Supporting documentation of settlement transactions was not available in some cases.

Recorder of Deeds' Controls and Procedures

Ten county reports showed that cash receipts are not always deposited daily nor reconciled to the fee book. In some counties documents are recorded for businesses prior to receipt of payment, and accounts receivable are not adequately documented.

Sales Tax

Fifteen counties had not rolled back their property tax levies sufficiently in relation to their sales tax collections.

Sheltered Workshops

Twenty-seven county sheltered workshops did not maintain adequate written contracts with the not-for-profit corporations from which services were obtained.

Sheriffs' Accounting Controls, Mileage Procedures and Boarding of Prisoners

Forty-six sheriffs' departments did not make bank deposits on a timely basis, did not prepare bank reconciliations, or were not reconciling cash balances to a listing of liabilities to prove the accuracy of their records. Fifteen instances were noted in which documentation of mileage claims was not always present and mileage reimbursement procedures were not always in accordance with Missouri law. It was noted in 16 counties that expenditures made for the boarding of prisoners were not always adequately documented.

Statutory Salaries and Bond Coverage

It was noted in 55 counties that county officials received salaries more or less than their statutory allowances, did not obtain bond coverage or did not have adequate bond coverage as required by state statutes.

Review of Property Tax Rates

Property taxes collected each year from Missourians provide a major source of funding for local governments. These taxes help finance the operation of our counties, cities, school districts, road districts, fire districts, ambulance districts, libraries and other important services.

The state auditor is required to review property tax rates of all taxing authorities in the state. In 1990, the state auditor's office reviewed 4,810 property tax rates, levied by 2,617 political subdivisions. The auditor's office reviewed the rates for compliance with state statutes and with Article X, Section 22 of the Missouri Constitution, otherwise known as the Hancock Amendment. Since the laws are subject to change by the legislature and to interpretation from the court system, the procedures for reviewing tax rates must be continually monitored.

Of the 4,810 tax rates reviewed last year, 19 rates were determined to be in excess of the legally permissible tax levy. Those rates, levied by 17 political subdivisions, were excessive by amounts ranging from 1 cent to 40 cents.

The opinion of the state auditor's office on tax rate compliance is an advisory opinion only. However, taxpayers who believe a local taxing authority has not complied with the laws regarding establishment of tax rates have recourse under state statutes.

According to the law, a taxpayer may make a formal complaint with the county prosecuting attorney. If the prosecutor fails to bring an action within 10 days of the filing of the complaint, the taxpayer may bring a civil action on his or her own behalf and as a representative of all taxpayers in the taxing jurisdiction.

The following tables and chart contain information regarding the tax rates reviewed by the state auditor's office in 1990.

Exhibit A
Summary of Tax Rates

Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	Number of Tax Rates		
			With Increases In Assessed Valuation	With Decreases In Assessed Valuation	Other (1)
AMBULANCE DISTRICTS	101	104	97	4	3
HOSPITALS AND HEALTH CENTERS	15	17	13	1	3
NURSING HOME DISTRICTS	28	33	23	2	8
PUBLIC WATER SUPPLY DISTRICTS	1	1	1	0	0
SOIL AND WATER CONSERVATION SUBDISTRICTS	20	20	14	4	2
DRAINAGE AND LEVEE DISTRICTS	2	2	1	0	1
SPECIAL ROAD DISTRICTS	260	339	264	50	25
MUNICIPALITIES	851	1598	1048	308	242
TAX SUPPORTED PUBLIC LIBRARIES	82	84	77	5	2
TOWNSHIPS	324	848	716	117	15
FIRE PROTECTION DISTRICTS	194	301	241	23	37
SEWER DISTRICTS	40	42	29	8	5
STREET LIGHT MAINTENANCE DISTRICTS	3	3	1	2	0
MISCELLANEOUS	26	30	20	9	1
JUNIOR COLLEGES	12	16	11	0	5
SCHOOL DISTRICTS	543	909	505	50	353
COUNTIES	115	463	423	13	21
Totals	2617	4810	3491	596	723

(1) This column includes those levies for which only the current year's assessed valuation was used in the computation of the 1990 tax rate (debt service levies and additional voter-approved levies). This column also includes levies which were not certified in 1990 and/or 1989 due to insufficient substantiating data.

Schedule 1
Listing of Local Governments Levying in Excess of Tax Rate Approved

			*****1990*****		
County	Name	Purpose	Assessed Value	Approved	Levied
BUCHANAN	LAKE CONTRARY FIRE PROTECTION DIST	GENERAL REVENUE	1,859,423	0.000	0.350 *
CAMDEN	MID COUNTY FIRE PROTECTION DISTRICT	GENERAL REVENUE	57,758,729	0.000	0.300 *
GENTRY	STANBERRY FIRE PROTECTION DIST	GENERAL REVENUE	12,762,350	0.090	0.150
GREENE	STRAFFORD R-VI SCHOOL DISTRICT	OPERATING FUNDS-SCHOOLS	26,947,100	2.590	2.670
JACKSON	CITY OF RAYTOWN	GENERAL REVENUE	216,593,546	0.290	0.310
		PARKS & RECREATION	216,593,546	0.120	0.130
MILLER	BRUMLEY FIRE PROTECTION DISTRICT	GENERAL REVENUE	14,006,505	0.000	0.300 *
NODAWAY	HOOVER FRANKUM WATERSHED SUB DIST	GENERAL REVENUE	1,258,410	0.300	0.400
	102 RIVER TRIBUTARIES SUB DIST	GENERAL REVENUE	4,462,960	0.000	0.100 *
	POLK FIRE PROTECTION DIST	GENERAL REVENUE	21,765,478	0.040	0.050
PUTNAM	LOCUST CREEK WATERSHED SUBDISTRICT	GENERAL REVENUE	7,726,410	0.000	0.400 *
ST. CHARLES	WENTZVILLE R-IV SCHOOL DISTRICT	OPERATING FUNDS-SCHOOLS	314,071,320	2.610	2.650
STE. GENEVIEVE	STE. GENEVIEVE CO. R-II SCH DIST	DEBT SERVICE	100,478,367	0.070	0.260
ST. LOUIS	CITY OF ST JOHN	GENERAL REVENUE	41,152,122	0.260	0.270
	EUREKA FIRE PROT DIST	GENERAL REVENUE	86,579,269	0.720	0.730
		AMBULANCE	86,579,269	0.290	0.300
	MID-COUNTY FIRE PROTECTION DISTRICT	GENERAL REVENUE	124,578,155	0.680	0.690
	PARKWAY C-2 SCHOOL DISTRICT	OPERATING FUNDS-SCHOOLS	2,164,852,642	2.830	2.850
SCHUYLER	SCHUYLER COUNTY	GENERAL REVENUE	27,313,466	0.380	0.420

* Indicates a political subdivision which has not obtained voter approval for a tax levy.

Exhibit B
Summary of Tax Rate Revisions

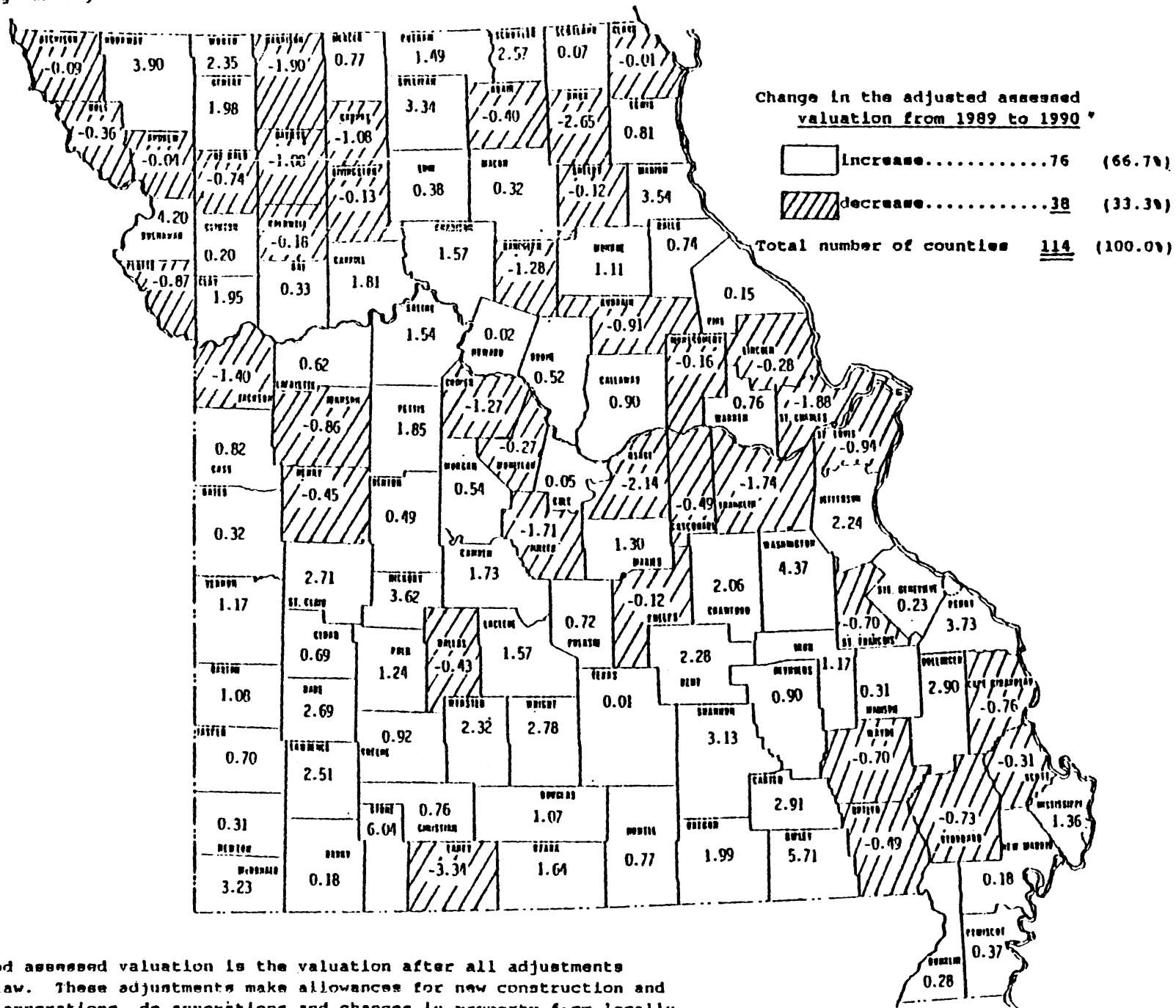
Type of Taxing Authority	Number of Taxing Authorities	Number of Tax Rates	No Rate Revision Required	Rate Revision Due To						Debt Service Levies	No Rate Certified
				Constitutional Provisions	Statutory Provisions	An Election	Other (1)				
AMBULANCE DISTRICTS	101	104	85	3	0	11	3		2	0	
HOSPITALS AND HEALTH CENTERS	15	17	11	1	0	1	2		2	0	
NURSING HOME DISTRICTS	28	33	22	0	0	2	2		7	0	
PUBLIC WATER SUPPLY DISTRICTS	1	1	1	0	0	0	0		0	0	
SOIL AND WATER CONSERVATION SUBDISTRICTS	20	20	18	2	1	0	0		0	0	
DRAINAGE AND LEVEE DISTRICTS	2	2	2	0	0	0	0		0	0	
SPECIAL ROAD DISTRICTS	260	339	247	43	6	39	3		4	0	
MUNICIPALITIES	851	1598	1134	89	49	55	48		224	5	
TAX SUPPORTED PUBLIC LIBRARIES	82	84	70	3	2	3	6		0	0	
TOWNSHIPS	324	848	762	37	14	21	3		15	0	
FIRE PROTECTION DISTRICTS	194	301	195	18	19	43	5		22	4	
SEWER DISTRICTS	40	42	34	0	1	3	1		3	0	
STREET LIGHT MAINTENANCE DISTRICTS	3	3	3	0	0	0	0		0	0	
MISCELLANEOUS	26	30	27	0	1	1	1		0	0	
JUNIOR COLLEGES	12	16	11	0	0	1	0		4	0	
SCHOOL DISTRICTS	543	909	286	13	14	38	205		350	3	
COUNTIES	115	463	380	7	7	15	37		17	0	
Totals	2617	4810	3288	216	114	233	316		650	12	
		(2)									

(1) This column includes all tax rates which were revised due to the 1989 Missouri Supreme Court ruling in Scholle vs. Carrollton R-VII School District, due to the settlement of a protest or due to an amended 1989 assessed valuation. Also included are levies which were certified in 1990, but were not certified in 1989 due to insufficient substantiating data.

(2) This total does not agree to the total of the subsequent columns because nineteen rates were revised under both the constitutional and statutory provisions, with the same rate resulting under each provision. Thus, these nineteen tax rates appear in both the column for rate revisions due to the constitutional provisions and the column for rate revisions due to the statutory provisions.

Exhibit C

Percentage Change In Adjusted Assessed Valuations From 1989 to 1990



Bond Registration

Under state law, the state auditor is responsible for reviewing and registering general obligation bonds issued by political subdivisions in Missouri to ensure those bonds comply with state law.

The review is to ensure that the political subdivision does not exceed its debt limit in issuing the bonds and that the bonds were legally authorized. In Missouri, voter approval is required for a political subdivision to incur debt beyond the current year.

In 1990, the state auditor's office registered 89 bond issues with a total value of \$205,469,927. Following is a listing of the political subdivisions that issued bonds, and the purpose and amount of the issue:

<u>Issuing Subdivision</u>	<u>Purpose</u>	<u>Amount</u>
Camdenton R-III School District, Camden County	School Building	\$ 830,000
Lee's Summit R-VII School District, Jackson County	School Building	10,000,000
School District of Columbia, Boone County	School Building	4,800,000
Osage Beach Fire Protection District (FPD), Miller and Camden counties	Refunding	1,933,375
Harrisonville R-IX School District, Cass County	School Building	2,500,000
Howard County R-II School District	School Building	700,000
Rockwood R-VI School District, St. Louis County	School Building	5,000,000
Jefferson County	Refunding	3,700,000
Hillsboro R-III School District, Jefferson County	School Building	55,000
City of Marble Hill, Bollinger County	Waterworks/Sewerage	500,000
St. Charles County Community College	School Building	14,000,000
Jefferson County R-VII School District	School Building	1,800,000
St. Charles County	Refunding	4,895,000

DeSoto Rural FPD, Jefferson County	Fire Station	150,000
City of Summersville, Texas County	Sewerage System	156,800
City of Republic, Greene County	Waterworks/Sewerage	925,000
Hannibal Levee District, Marion County	Levee District	375,000
Stockton R-I School District, Cedar County	School Building	670,000
Willard R-II School District, Greene County	School Building	200,000
City of Rockport, Atchison County	Refunding	150,000
Gentry County R-II School District	School Building	740,000
City of Webster Groves, St. Louis County	Street Improvements	5,000,000
Wheatland R-II School District, Hickory and Benton counties	School Building	700,000
Springfield R-XII School District, Greene County	School Building	5,000,000
Morgan County R-II School District	School Building	625,000
Morgan County R-I School District	School Building	660,000
Hamilton R-II School District, Caldwell County	School Building	1,400,000
Sturgeon R-V School District, Boone County	School Building	700,000
Westview C-6 School District, Newton County	School Building	60,000
Sheldon R-VIII School District, Vernon County	School Building	405,000
Ritenour School District, St. Louis County	School Building	5,000,000
Windsor C-1 School District, Jefferson County	School Building	5,000,000
Greene County R-VIII School District	School Building	1,950,000
Raymore-Peculiar R-II School District, Cass County	School Building	4,995,000
Ridgeway R-V School District, Harrison County	School Building	85,000
Monroe Township, Nodaway County	Road Improvements	100,000
City of Pevely, Jefferson County	Waterworks/Sewerage	400,000
Sullivan C-2 School District, Franklin County	Refunding/School Building	4,625,000

City of Jonesburg, Montgomery County	Waterworks	235,000
Fort Zumwalt School District, St. Charles County	School Building	7,000,000
Monett R-I School District, Barry County	School Building	1,358,000
Boone County FPD	Fire Protection	2,800,000
Concordia R-II School District, Lafayette and Johnson counties	School Building	1,844,752
Kennett 39 School District, Dunklin and Pemiscot counties	School Building	4,225,000
Cassville R-IV School District, Barry County	Refunding	615,000
Dunklin R-V School District, Jefferson County	School Building	2,000,000
Reeds Spring R-IV School District, Stone County	School Building	2,500,000
Oak Grove R-VI School District, Jackson County	School Building	2,500,000
Belton School District No. 124, Cass County	School Building	4,200,000
Platte County R-III School District	School Building	4,750,000
City of Grain Valley, Jackson County	Street and Storm Sewer Improvement	400,000
Jennings School District, St. Louis County	School Building	1,500,000
Maplewood-Richmond Heights School District, St. Louis County	Refunding	1,225,000
Houston R-I School District, Texas County	School Building	550,000
City of Anderson, McDonald County	Waterworks/Sewerage	350,000
Blue Springs R-IV School District, Jackson County	School Building	9,000,000
Knox County R-I School District	School Building	300,000
City of Lake Winnebago, Cass County	Street Improvements	130,000
Francis Howell School District, St. Charles County	School Building	10,000,000
City of Kennett, Dunklin County	Waterworks/Sewerage	290,000
Wheaton R-III School District, Barry County	Refunding	175,000

Southern Boone County R-I School District	School Building	1,500,000
City of Clarksville, Pike County	Waterworks/Sewerage	70,000
Jefferson C-123 School District, Nodaway County	School Building	326,000
Adair County R-II School District, Adair County	School Building	465,000
Wellsville-Middletown R-I School District, Audrain, Callaway, Montgomery and Pike counties	School Building	1,200,000
South Metropolitan FPD, Cass County	Fire Protection	1,600,000
Grandview R-II School District, Jefferson County	School Building	1,350,000
Odessa Special Road District, Lafayette County	Road Improvement	171,000
Pleasant Hill R-III School District, Cass County	School Building	1,800,000
City of Belton, Cass County	Street Improvement	1,950,000
DeSoto 73 School District, Jefferson County	School Building	100,000
Parkway C-2 School District, St. Louis County	School Building	9,300,000
Columbia School District, Boone County	School Building	5,000,000
City of Town and Country, St. Louis County	Fire Protection	900,000
Dexter R-XI School District, Stoddard County	School Building	1,000,000
Sni-Valley FPD, Jackson and Lafayette counties	Fire Protection	800,000
Hazelwood School District, St. Louis County	School Building	5,000,000
Sikeston R-VI School District, Scott County	School Building	4,000,000
Brunswick R-II School District, Chariton County	School Building	700,000
Scott County R-V School District, Scott County	School Building	1,050,000
City of Marceline, Linn County	Public Safety Building	255,000

Raytown C-2 School District, Jackson County	School Building	5,000,000
North Kansas City 74 School District, Clay County	School Building	5,000,000
Shelby County R-IV School District	School Building	350,000
Jefferson City School District, Cole County	School Building	5,000,000
Pleasant Hope R-VI School District, Polk County	School Building	600,000
McDonald County R-I School District	Refunding	250,000
Lake Ozark FPD, Camden and Miller counties	Fire Protection	<u>2,000,000</u>
		\$ <u>205,469,927</u>